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AVERAGE WEEKLY EARNINGS, AUSTRALIA, MAY 1987 PRELIMINARY

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MAIN FEATURES

Preliminary estimates of average weekly earnings for May 1987 and the respective changes are shown below:

Full-time adult weekly ordinary time earnings

Change (%)

	Average (\$)	Feb 1987 to May 1987	May 1986 to May 1987
Males	460.70	+1.3	+6.5
Females	382.10	+1.7	+7.2
Persons	435.60	+1.3	+6.4

Full-time adult weekly total earnings

Change (%)

	Average (\$)	Feb 1987 to May 1987	May 1986 to May 1987
Males	497.50	+1.8	+6.8
Females	391.80	+2.0	+7.4
Persons	463.80	+1.8	+6.6

All employees weekly total earnings

Change (%)

	Average (\$)	Feb 1987 to May 1987	May 1986 to May 1987
Males	451.80	+1.5	+6.2
Females	297.70	+2.3	+7.0
Persons	387.60	+1.5	+5.8

Notes on the estimates

The movements in all categories of earnings between February 1987 and May 1987 are statistically significant.

Average earnings in all categories increased substantially more between February 1987 and May 1987 than in the previous period (ie, from November 1986 to February 1987) due to:

- the \$10 a week first tier payment awarded in the March 1987 National Wage Case had been received by approximately half of full-time adult employees by the May 1987 reference date — the remaining half should be reflected in the August 1987 estimates. Approximately two thirds of private sector employees and one quarter of public sector employees had received the payment by the May 1987 reference date;
- the February 1987 movements were relatively low. There was no general wage increase awarded which affected this period (the effects of the July 1986 National Wage Case increase of 2.3% were paid to all employees by the November 1986 reference period, and therefore would have no effect on the quarterly movements for February 1987); and
- penalty payments paid to some employees who worked on Anzac Day and during Easter were included in the May 1987 reference period.

Female earnings in all categories have increased more than for males on both a quarterly and annual basis.

Average weekly earnings may be affected significantly in some periods by changes in the composition of the labour force (see paragraph 12 of the Explanatory Notes).

EXPLANATORY NOTES

Introduction

This publication contains preliminary estimates of average weekly earnings for May 1987 based on information obtained from a sample survey of employers.

2. Final estimates will be published in *Average Weekly Earnings, States and Australia, May 1987* (6302.0).

3. Background information about the average weekly earnings series is provided in *Information Paper: New Statistical Series: Employment, Average Weekly Earnings, Job Vacancies and Overtime* (6256.0) published on 21 June 1984, copies of which are available on request.

Scope of the survey

4. All wage and salary earners who received pay for the reference period are represented in the survey, except:

- members of the Australian permanent defence forces;
- employees of enterprises primarily engaged in agriculture, forestry, fishing and hunting;
- employees in private households employing staff;
- employees of overseas embassies, consulates, etc.;
- employees based outside Australia;
- employees on workers' compensation who are not paid through the payroll;
- directors who are not paid a salary;
- proprietors/partners of unincorporated businesses;
- self-employed persons such as subcontractors, owner/drivers, consultants and persons paid solely by commission without a retainer.

Survey design

5. A sample of approximately 4,000 employers is selected from the ABS register of businesses to ensure adequate State and industry representation. The sample is updated each quarter to take account of new businesses, those which have ceased operation and structural changes such as takeovers and mergers. The statistical unit for the survey comprises all activities of an enterprise in a particular State or Territory. Each

statistical unit is classified to an industry which reflects the predominant activity of the enterprise in the State or Territory. In a small number of cases where an enterprise has significant employment in more than one industry, a separate statistical unit is created for each industry. The statistical units are stratified by State, public/private, industry and size of employment and a simple random sample is selected from each stratum.

Definitions

6. *Reference period* for the survey refers to the last pay period ending on or before the third Friday of the middle month of the quarter. The reference date for the current survey is 15 May 1987.

7. *Employees* refers to all wage and salary earners (as defined in paragraph 4) who received pay for any part of the reference period.

8. *Full-time employees* are permanent, temporary and casual employees who normally work the agreed or award hours for a full-time employee in their occupation and received pay for any part of the reference period; if agreed or award hours do not apply, employees are regarded as full-time if they ordinarily work 35 hours or more per week.

9. *Adult employees* are those employees 21 years of age or over and those employees who, although under 21 years of age, are paid at the full adult rate for their occupation.

10. *Weekly ordinary time earnings* refers to one week's earnings of employees for the reference period attributable to award, standard or agreed hours of work. It is calculated before taxation and any other deductions (e.g. superannuation, board and lodging) have been made. Included in ordinary time earnings are award payments, overaward payments, penalty payments, shift and other allowances; commissions and retainers; bonuses and similar payments related to the reference period; payments under incentive or piecework; payments under profit sharing schemes normally paid each pay period; payments for leave taken during the reference period; all workers' compensation payments made through the payroll; and salary payments made to directors. Excluded are overtime payments, retrospective pay, pay in advance, leave loadings, severance, termination and redundancy payments and other payments not related to the reference period.

11. *Weekly total earnings of employees* is equal to weekly ordinary time earnings plus weekly overtime earnings.

12. *Average weekly earnings* statistics represent average gross (before tax) earnings of employees and do not relate to average award rates nor to the earnings of the 'average person'. Estimates of average weekly earnings are derived by dividing estimates of weekly total earnings by estimates of employment. Changes in the averages may be affected not only by changes in the level of earnings of employees but also by changes in the overall composition of the labour force. There are several aspects which can contribute to compositional changes such as variations in the proportions of part-time, casual and junior employees, variations in the occupational distribution within and across industries and variations in the distribution of employment between industries.

Comparability of results

13. When comparisons are made between period-to-period movements in average weekly ordinary time earnings (AWOTE) for full-time adults and movements in the Award Rates of Pay

Indexes (ARPI) it is important to recognise the different coverage, scope, definitions and methodology used in the construction of each series. In particular, the AWOTE series includes a number of payments additional to award rates of pay used in compiling ARPI. Allowances covered under awards which are not industry or occupation-wide in their application such as site, travelling, height and dirt allowances are excluded from ARPI but included in AWOTE. The AWOTE series also includes other payments, such as shift penalty payments and overaward pay. A significant number of employees are not covered by awards but are included in AWOTE. The AWOTE series is affected by compositional change in the labour force. However ARPI is not, because it is a fixed-weight index constructed from a representative 'basket' of occupations selected from the May 1976 Survey of Employee Earnings and Hours and subject to reselection and rebasing at infrequent intervals. Other factors affecting comparisons of the two series include seasonal influences on earnings and differences between the two series in the treatment of retrospective pay increases. A detailed description of the methodology, scope and definitions used in ARPI is published in *Award Rates of Pay Indexes, Australia* (6312.0).

14. It is also important to recognise that, whilst average employee earnings can be derived from the Survey of Employment and Earnings (SEE) published in *Employed Wage and Salary Earners, Australia* (6248.0), these average earnings will not be comparable with those produced from the Survey of Average Weekly Earnings (AWE). In the AWE survey, information is obtained relating to a specified pay period, the last pay period ending on or before the third Friday of the middle month of the calendar quarter. The SEE collects the sum of employee earnings paid in *all* pay periods ending in a calendar quarter including payments to employees which are excluded from the scope of the AWE survey such as retrospective pay, pay in advance, leave loadings and severance, termination and redundancy payments. Whilst the quarterly earnings produced by the SEE are affected by the varying number of pay periods from quarter to quarter the AWE results are unaffected because of the selection of a specified pay period in the middle of a quarter. The SEE earnings data are also more subject to seasonal variations, particularly in the December and March quarters, due to the incidence of holidays taken in January being paid in advance and the earnings being reported in December quarter figures.

Historical series

15. The series was introduced in August 1981 when it replaced the average weekly earnings series based principally on information from payroll tax returns. Revised estimates of average weekly earnings for the period August 1981 to November 1983 were included in *Average Weekly Earnings, States and Australia, March Quarter 1984* (6302.0) published on 12 July 1984. Users who need a measure of the movement in earnings for a period which spans both the payroll tax-based and employer survey series should refer to Table 3 in that publication which presents both series linked to a common index base (August 1981 = 100).

Reliability of estimates

16. As the estimates in this publication are based on information relating to a sample of employers rather than a full enumeration, they are subject to sampling variability. That is, they may differ from the figures that would have been produced if the information had been obtained from all employers. This

difference, called *sampling error*, should not be confused with inaccuracy that may occur because of imperfections in reporting by respondents or in processing by the ABS. Such inaccuracy is referred to as *non-sampling error* and may occur in any enumeration whether it be a full count or sample. Efforts have been made to reduce non-sampling error by careful design of questionnaires, detailed checking of returns and quality control of processing.

17. The sampling error associated with any estimate can be estimated from the sample results. One measure of sampling error is given by the *standard error* which indicates the degree to which an estimate may vary from the value that would have been obtained from a full enumeration (the 'true' figure). There are about two chances in three that a sample estimate differs from the true value by less than one standard error, and about nineteen chances in twenty that the difference will be less than two standard errors.

18. An example of the use of a standard error for May 1987 estimates is as follows. Table 1 shows the estimate of average weekly total earnings for all employees in Australia for May 1987 as being \$387.60. The estimated standard error associated with this figure is \$2.20. Therefore, there are about two chances in three that a full enumeration would give a figure in the range \$385.40 to \$389.80 and about nineteen chances in twenty that it would be in the range \$383.20 to \$392.00.

19. An example of the use of a standard error for a quarterly change estimate is as follows. Table 1 shows the estimated standard error for the quarterly change estimate of average weekly total earnings for all employees in Australia as being \$1.60. The quarterly change estimate between February 1987 and May 1987 is \$5.80 (\$387.60 minus \$381.80). Therefore there are about two chances in three that a full enumeration would give a quarterly change figure in the range \$4.20 to \$7.40 and about nineteen chances in twenty that it would be in the range \$2.60 to \$9.00.

Related publications

20. Users may also wish to refer to the following publications which are available on request:

Average Weekly Earnings, States and Australia (6302.0) — issued quarterly

Average Earnings and Hours of Employees, Australia (6304.0) — issued annually

Distribution and Composition of Employee Earnings and Hours, Australia (6306.0)—issued annually

Job Vacancies, Australia (6231.0)—issued quarterly

Overtime, Australia (6330.0)—issued quarterly

Employed Wage and Salary Earners, Australia (6248.0) — issued quarterly

Information Paper: New Statistical Series: Employment, Average Weekly Earnings, Job Vacancies and Overtime (6256.0)

Occasional Paper No. 1986/1: Statistics on Wages, Earnings, Income and Labour Costs—A Guide to Their Concepts, Measurement and Usage

Award Rates of Pay Indexes, Australia (6312.0)—issued monthly

The Labour Force, Australia (6203.0)—issued monthly.

21. Current publications produced by the ABS are listed in the *Catalogue of Publications, Australia* (1101.0). Publications released in the current year, and prices where applicable, are contained in the *List of Publications to be Released by the Canberra and State Offices of the ABS During 1987* (1109.0). The ABS also issues, on Tuesdays and Fridays, a *Publications Advice* (1105.0) which lists publications to be released in the next few days. The Catalogue, List of Publications and Publications Advice are available from any ABS office.

Unpublished statistics

22. In some cases, the ABS can also make available information which is not published. This information may be made available in one or more of the following forms: microfiche, photocopy, data tape, computer printout, clerically-extracted tabulation. Generally, a charge is made for providing unpublished information. Inquiries should be made to the officer whose name appears in the *Phone Inquiries* section of the Inquiries box at the front of this publication, or to Information Services in the nearest ABS Office.

Symbols and other usages

p preliminary

23. The estimates of average weekly earnings are rounded to the nearest 10 cents.

Electronic services

24. VIATEL. Key *656# for selected current economic, social and demographic statistics.

AUSSTATS. Thousands of up-to-date time series are available on this ABS on-line service through CSIRONET.

For further information phone the AUSSTATS Help Desk on (062) 52 6017.

TELESTATS. This service provides foreign trade statistics tailored to users' requirements.

Further information is available on (062) 52 5404.

IAN CASTLES
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TABLE 1. AVERAGE WEEKLY EARNINGS OF EMPLOYEES, AUSTRALIA

Reference period— pay period ending on or before	MALES			FEMALES			PERSONS		
	Full-time adults		All males	Full-time adults		All females	Full-time adults		All employees
	Weekly ordinary time earnings	Weekly total earnings	Weekly total earnings	Weekly ordinary time earnings	Weekly total earnings	Weekly total earnings	Weekly ordinary time earnings	Weekly total earnings	Weekly total earnings
—dollars—									
1985—									
15 February	399.60	429.00	392.70	328.40	335.90	260.10	377.50	400.10	340.10
17 May	404.50	435.50	397.20	334.40	343.10	263.40	382.80	406.90	344.10
16 August	409.80	441.60	403.10	338.70	346.80	265.00	387.90	412.50	347.80
15 November	419.60	453.60	413.90	345.30	353.70	268.40	396.90	423.10	355.60
1986—									
21 February	427.20	460.10	422.70	352.80	360.60	276.40	404.20	429.50	364.10
16 May	432.60	465.90	425.50	356.40	364.90	278.20	409.20	434.90	366.50
15 August	444.00	476.20	437.20	363.60	371.90	282.90	418.90	443.70	373.70
21 November	452.10	488.60	446.30	372.70	382.00	287.60	427.20	455.20	380.60
1987—									
20 February	454.80	488.60	445.30	375.70	384.20	291.10	429.90	455.70	381.80
15 May p	460.70	497.50	451.80	382.10	391.80	297.70	435.60	463.80	387.60
—per cent—									
Change—									
Quarterly									
1985—									
February	+0.5	+0.4	+0.8	+0.9	+0.7	+2.0	+0.6	+0.5	+1.4
May	+1.2	+1.5	+1.1	+1.8	+2.1	+1.3	+1.4	+1.7	+1.2
August	+1.3	+1.4	+1.5	+1.3	+1.1	+0.6	+1.3	+1.4	+1.1
November	+2.4	+2.7	+2.7	+1.9	+2.0	+1.3	+2.3	+2.6	+2.2
1986—									
February	+1.8	+1.4	+2.1	+2.2	+1.9	+3.0	+1.8	+1.5	+2.4
May	+1.3	+1.2	+0.7	+1.0	+1.2	+0.7	+1.2	+1.3	+0.7
August	+2.7	+2.2	+2.7	+2.0	+1.9	+1.7	+2.4	+2.0	+2.0
November	+1.8	+2.6	+2.1	+2.5	+2.7	+1.7	+2.0	+2.6	+1.8
1987—									
February	+0.6	0.0	-0.2	+0.8	+0.6	+1.2	+0.6	+0.1	+0.3
May p	+1.3	+1.8	+1.5	+1.7	+2.0	+2.3	+1.3	+1.8	+1.5
Annual									
1985—									
February	+6.2	+7.1	+6.0	+8.0	+8.0	+5.5	+6.9	+7.6	+5.9
May	+4.3	+4.8	+3.5	+5.5	+5.8	+2.5	+4.8	+5.3	+3.2
August	+4.4	+5.4	+4.4	+6.2	+6.1	+3.4	+5.1	+5.8	+4.0
November	+5.5	+6.2	+6.3	+6.1	+6.1	+5.2	+5.8	+6.3	+6.0
1986—									
February	+6.9	+7.3	+7.7	+7.4	+7.3	+6.2	+7.1	+7.4	+7.1
May	+6.9	+7.0	+7.1	+6.6	+6.3	+5.6	+6.9	+6.9	+6.5
August	+8.4	+7.8	+8.5	+7.3	+7.3	+6.7	+8.0	+7.6	+7.4
November	+7.7	+7.7	+7.8	+7.9	+8.0	+7.1	+7.6	+7.6	+7.0
1987—									
February	+6.5	+6.2	+5.3	+6.5	+6.5	+5.3	+6.3	+6.1	+4.8
May p	+6.5	+6.8	+6.2	+7.2	+7.4	+7.0	+6.4	+6.6	+5.8
—dollars—									
Standard errors(a)—									
1987—May									
Level p	2.00	2.40	2.70	2.00	2.00	2.20	1.70	1.90	2.20
Change (quarterly) p	1.70	1.80	2.00	1.40	1.50	1.60	1.30	1.40	1.60

(a) See paragraphs 16-19 of the Explanatory Notes.